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## Largest Ark. payday lender says it will shut down

BY ANDREW DEMILLO • ASSOCIATED PRESS WRITER • SEPTEMBER 23, 2008

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LITTLE ROCK -- Advance America says it will close its 30 [cash](#) advance stores in Arkansas because of the threat of lawsuits by the state's attorney general.

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The company, described as the largest payday [loan](#) provider in the state, announced Tuesday that it will close all its stores after reaching an agreement with Attorney General Dustin McDaniel's office that no further lawsuits would be filed. McDaniel's office says Advance America, based in Spartanburg, S.C., will close its locations by Oct. 31.

McDaniel sent a March 18 cease-and-desist letter to Advance America and other payday outlets that accused the firms of charging high interest rates that violate the state's constitution. McDaniel's letter demanded that the firms stop issuing high-interest [loans](#) and forgive any outstanding debts.

The company had initially said it would restructure its business to comply with the law in response to McDaniel's letter. Advance America's chief said the firm still disagrees with McDaniel's contention that they are violating the constitution and state law.

"Indeed, there has been no determination by any Arkansas court that Advance America's practices ever violated state law," Advance America President and Chief Executive Officer Ken Compton said in a statement. "Still, after lengthy discussions with the attorney general's office, we have determined that it is in the best interest of both parties to avoid litigation and to resolve this matter at this time."

McDaniel's office said that the company had initially said it would no longer issue loans in excess of the [interest rate](#) set by the state's constitution. Since then, the state and Advance America had disagreed over the propriety of the company's practices, McDaniel said.

"I hope the decision of Advance America will persuade all [lenders](#) that operate in violation of Arkansas law to shut down," McDaniel said in a statement.

The 156 payday lenders McDaniel initially targeted make up more than half of the 277 check cashers licensed by the Arkansas State Board of Collection Agencies. McDaniel's office said it focused on companies that offer "deferred presentment loans" where the business not only exchanges cash for a check but also agrees to delay the depositing of the check for a specific length of time.

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Advance America said that its revenues from Arkansas over the first six months of this year represented 0.7 percent of the company's total revenues. The company estimated the costs associated with closing the Arkansas stores would be about \$900,000.

The company in August closed all nine stores it operates in New Mexico in response to new restrictions on payday lending in the state. Advance America, which bills itself as the nation's leading provider of payday loans, will operate more than 2,800 stores in 33 states, Canada and the United Kingdom after the closings.

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